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OFFICE OF THE COMPTROLLER  
CITY OF ST. LOUIS



DARLENE GREEN  
Comptroller

*Internal Audit Section*

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St. Louis, Missouri 63101  
(314) 622-4723  
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July 16, 2004

Mr. James Suelmann, Director  
Street Division  
1900 Hampton Avenue  
Saint Louis, Missouri 63139-2988

RE: Fixed Asset Review of the Street Division (Project # 2004-41).

Dear Mr. Suelmann:

Enclosed is a report of our fixed asset review of the Street Division for the period ending March 31, 2004. The objective of this review was to determine whether control procedures are in place to ensure that fixed assets and property control items are properly reported, recorded, and safeguarded. Our fieldwork was substantially complete on April 13, 2004. An exit conference to discuss the observations and recommendations noted in the report was held on June 16, 2004. Management responses to the observations and recommendations noted in the report were received on July 15, 2004 and have been attached to the report. We have made the following observations and recommendations:

1. **Opportunity to Improve Internal Records**

Good management practice would require that complete and accurate internal records are kept by the department.

The Streets Division maintained three different internal fixed assets reports which were primarily used for daily tracking of the assignment of various assets. However, the listings did not contain the asset description and/or serial number. As a result, the Internal Audit Section was not able to verify the existence of the assets and reconcile the items to the City Fixed Assets Property Listing (FAPL).

Failure to maintain complete internal records increases the risk that assets may not be accounted for properly.

**Recommendation**

We recommend that the Street Division establish a primary internal assets listing which includes the following information:

- Asset Number from the FAPL.

- Description/Model of the Fixed Asset.
- Serial Number of the Fixed Asset

## 2. Opportunity to Tag Property Control Items

Section 210.14 of the FAMS (Fixed Asset Management System) Policies and Procedures Manual states that all fixed assets and property control items owned by the City of St. Louis shall be identified by a specific tag. The information on this tag will disclose the right of ownership by the City.

Ten (10) property control items out of thirteen (13) items located during our review were not identified with a tag.

The Street Division did not tag their property control assets because the department was not totally familiar with the procedures in place for the process of tagging all items. The department relied on the Information Technology Services Agency to tag computers but didn't establish tagging procedures for all remaining assets.

When assets and property control items are not properly tagged, the City of St. Louis may not be able to provide reasonable assurance that items listed on the FAPL are properly safeguarded and accounted for.

### Recommendation

We recommend that all fixed assets and property control items be properly tagged as prescribed in Section 210.14 of the Fixed Asset Management Policy and Procedures Manual.

## 3. Opportunity to Update the Fixed Asset Property Listing

Section 210.08 of the FAMS Policy and Procedures Manual requires that all fixed asset exchanges, donations, transfers, retirements and adjustments be reported on the proper FAMS input forms and submitted to the FAMS Section and requires that the FAMS reports be verified to ensure that all information is recorded accurately.

During the audit of the Street Division the following was noted:

- Two (2) assets selected from the Street Division's location could not be tracked back to the FAPL.
- There was duplication of city numbers assigned to assets on the FAPL.
- Serial numbers were not recorded on the FAPL.

- Four (4) fixed assets that should have been surplused were still reflected on the FAPL. Additionally, one (1) of the four (4) did not have proper documentation of the Declaration of Surplus.
- Two (2) property control items listed on the FAPL were not located during the physical inventory.

The Street Division did not submit the necessary forms to the FAMS Section to update the FAPL. Failure to ensure accurate information is recorded to the FAPL increases the risk that assets will not be properly accounted for.

### **Recommendation**

We recommend that the Street Division review and reconcile its internal records to the FAPL and submit necessary forms to update the FAPL on a regular basis.

To obtain an updated copy of the FAMS Policy and Procedures Manual contact the Accounting Coordinator in the Fixed Asset Management Section of the Comptroller's Office. Also, when requesting the tags for both the property control items and the fixed assets, contact the Supply Division – Multigraph Section.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the International Standards for Professional Practice of Internal Auditing.

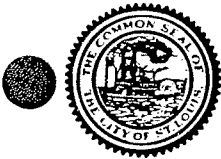
If you have any questions, please contact me at (314) 589-6125.

Respectfully,

*Keenan T. McKinney*  
Keenan T. McKinney, CIA  
Internal Audit Manager

cc: Honorable Darlene Green, Comptroller  
John Zakibe, Fiscal Manager – Comptroller's Office  
Rita Kirkland, Director of Operations – Mayor's Office  
Marie Jeffries, Executive Assistant – Budget Division  
Todd Waelterman, Street Commissioner

Attachment



FRANCIS G. SLAY  
MAYOR

City of St. Louis  
DEPARTMENT OF STREETS

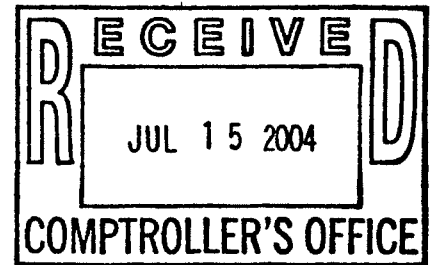
-STREET DIVISION-  
1900 HAMPTON AVENUE  
SAINT LOUIS, MISSOURI 63139  
PHONE: (314) 647-3111



JAMES W. SUELMANN  
DIRECTOR  
TODD D. WAEFTERMAN  
STREET COMMISSIONER

July 12, 2004

Mr. Keenan T. McKinney, CIA  
Internal Audit Manager  
Internal Audit Section  
1114 Market Street, Room 608  
St. Louis, MO 63101



Dear Mr. McKinney:

As you requested, here are responses to the June 16, 2004 draft report.

- 1) Street Division will establish an internal asset listing that correlates to the Equipment Services Division list, and establish a complete list for remaining items that do not pertain to ESD, such as, office equipment.
- 2) Street Division will tag the office equipment.
- 3) Street Division will reconcile its internal records with the City FAPL and submit the necessary paperwork with help from Internal Audit.

To assist us, please provide us with a complete, updated copy of the FAMS Policy and Procedures Manual. Also, please let us know where we can obtain the specific equipment tags that need to be used.

Sincerely,

Todd Waelterman  
Commissioner of Streets

TW:md

Cc: James Suelmann